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ABSTRACT

While minorities and women have made considerable gains in entering the workforce in the last few decades, there remains a dearth of minorities and women at management levels. This phenomenon has come to be known as the "glass ceiling." The Department of Labor defines the glass ceiling as those artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from advancing upwards in their organization into management level positions. In 1989 the Department of Labor set out to investigate the glass ceiling in corporate United States to see if there was a problem, what were the causes, and if there was a problem then how this problem could be fixed. This report presents the findings from the Labor Department's "glass ceiling initiative" to date. The initiative has involved, to date, four separate components: (1) an internal educational effort within the Department of Labor; (2) a pilot study looking at nine individual companies; (3) public awareness to the issue and encouragement of voluntary efforts; and (4) an effort to recognize and reward publicly those companies that are independently removing their own glass ceiling. The pilot study of corporate management is the main focus of this report. Nine Fortune 500 establishments were selected randomly for review. Among the findings that applied to all nine companies, despite the vast organizational and other differences that existed among them, were the following: if there is not a glass ceiling, there is certainly a point beyond which minorities and women have not advanced in some companies. Minorities have plateaued at lower levels of the workforce than women. Monitoring for equal access and opportunity, especially as managers move up the corporate ladder to senior management levels where important decisions are made, was almost never considered a corporate responsibility, or part of the planning for developmental programs and policies. (DB)

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"I believe the glass ceiling is real, that it destroys morale, and that though we have made some progress, we are a long way from shattering it."

Evan Kemp
Chairman
Equal Employment Opportunity Commission

"From firsthand experience I recognize the difficulty of this problem. We have begun to address the issue at CSX and are making a concerted effort to deal with it. While the situation will not be rectified overnight, it's clear that progress is possible when top management addresses the importance of women and minorities in a straightforward manner with real commitment to finding answers...."

John W. Snow
President and CEO
CSX Corporation

"I was asked about the role the Federal Government should have in helping to 'break through the glass ceiling.' ... the Federal Government does and should have an important role. Indeed most of the companies hailed as great places for women and minorities to work had a strong push from the government a few years ago."

Dee Soder, Ph.D.
President
The Endymion Company, Inc.

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A REPORT ON THE GLASS CEILING INITIATIVE

U.S. Department of Labor
Lynn Martin, Secretary
1991

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FOREWORD

In 1987, the Department of Labor published a report -- *Workforce 2000* -- that brought dramatic attention to changes taking place in our economy and in the composition of our workforce. Significant among these was the increased importance of minorities and women to the competitive status of the American economy.

Since the publication of *Workforce 2000,* ample evidence has been gathered to show that minorities and women have made significant gains in entering the workforce. But there is also significant evidence from research conducted by universities, non-profit organizations, executive recruiters, and the Department of Labor that documents a dearth of minorities and women at management levels -- the so-called "glass ceiling."

The Department of Labor found itself in a unique position. Our Office of Federal Contract Compliance Programs (OFCCP) is responsible for ensuring that all businesses with Federal Government contracts do not discriminate in employment decisions on the basis of race, sex, color, religion, national origin, disability or veterans status. And our Women's Bureau is the only Federal agency with a congressional mandate to promote the welfare of working women. The Bureau has extensive experience in helping women maximize opportunities with programs designed, for example, to obtain careers in non traditional fields like aerospace and construction.

While individuals and organizations have developed various definitions of the glass ceiling, the Department of Labor has concluded that the glass ceiling is most clearly defined as those artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from advancing upward in their organization into management level positions.

The symptoms of this problem are manifest. Qualified minorities and women are all too often on the outside looking into the executive suite. What the Department set out to do beginning in the fall of 1989 was to investigate the glass ceiling in corporate America to see if there was a problem, what were the causes, and if there was a problem then how this problem could be fixed. This effort combined compliance reviews of nine different corporations, with an evaluation of independent research, and lengthy discussions with representatives from business, labor, women's and civil rights organizations.

This report is a synopsis of this effort to date. What we found gives us new insight into why the glass ceiling exists and how the Department of Labor, working with the private and public sectors, can best fulfill its mandate to identify, investigate, and ultimately eliminate, any artificial workplace barriers. My hope is that this report and the Department's ongoing focus will also act as a catalyst for a continuing dialogue among all the affected parties.

The glass ceiling, where it exists, hinders not only individuals but society as a whole. It effectively cuts our pool of potential corporate leaders by eliminating over one-half of our population. It deprives our economy of new leaders, new sources of creativity -- the "would be" pioneers of the business world. If our end game is to compete successfully in today's global market, then we have to unleash the full potential of the American work force. The time has come to tear down, to dismantle -- the "Glass Ceiling."

Lynn Martin

Secretary of Labor

EXECUTIVE SUMMARY

A. The Initiative

The goals of the glass ceiling initiative are:

- To promote a quality, inclusive and diverse workforce capable of meeting the challenge of global competition;
- To promote good corporate conduct through an emphasis on corrective and cooperative problem-solving;
- To promote equal opportunity, not mandated results; and,
- To establish a blueprint of procedures to guide the Department in conducting future reviews of all management levels of the corporate workforce.

These goals speak to not only what is right and just in our society, but what makes good economic sense as the private and public sectors seek to work together to achieve an ever improving quality of life for all Americans.

The initiative has, to date, been a four-pronged effort: 1) An internal educational effort within the Department of Labor; 2) A pilot study looking at nine individual companies; 3) Public awareness to the issue and encouragement of voluntary efforts; and, 4) An effort to recognize and reward publicly those companies which are independently removing their own glass ceiling.

B. The Pilot Study

Nine Fortune 500 establishments were selected randomly for review. The companies represented a broad range of products and services and were located in five of the Department's 10 regions. The reviews were conducted by senior officials from the national and regional offices of the Department.

After numerous meetings with various organizations, along with an extensive research effort, a blueprint for the process was developed. The organizations included business, trade and professional associations, human resources officials and leaders and representatives from organizations representing minorities and women.

The process was designed to produce three basic results: 1) Identify systemic barriers

to the career advancement of minorities and women; 2) Eliminate these barriers through corrective and cooperative problem solving; and 3) Further the Department's and the employer community's understanding of how to identify and eliminate discriminatory and artificial barriers.

In accordance with the legal requirements Federal contractors are required to follow, companies were reviewed to ensure that they do not discriminate on the basis of race, sex, color, religion, national origin, disability or veteran status; and that they take affirmative action to actively recruit qualified workers from all segments of the labor force, and to provide training and advancement opportunities for all employees.

C. The Findings

It should be pointed out that none of the nine companies in the pilot study has been cited for discrimination at the upper levels of their workforces. That's the good news. Yet a number of the pilot companies did not live up to the good faith efforts to meet all affirmative action requirements.

This said, The Department recognizes that the results of nine pilot reviews do not present a scientific sample that can describe, with any confidence, the practices and policies of corporations beyond those examined in the pilot study. The Labor Department believes that attitudinal and organizational barriers, as identified, are an indication that the progress of minorities and women in corporate America is affected by more than qualifications and career choices.

The pilot project also revealed several general findings that applied to all nine companies, despite the vast differences that existed between them in terms of organizational structure, corporate culture, business sector and personnel policies.

- If there is not a glass ceiling, there certainly is a point beyond which minorities and women have not advanced in some companies.

- Minorities have plateaued at lower levels of the workforce than women.

- Monitoring for equal access and opportunity, especially as managers move up the corporate ladder to senior management levels where important decisions are made, was almost never considered a corporate responsibility or part of the planning for developmental programs and policies.

- Appraisal and total compensation systems that determine salary, bonuses, incentives and perquisites for employees were not monitored.

- Placement patterns were consistent with research data.

- There was a general lack of adequate records.

Among the attitudinal and organizational barriers identified were:

- Recruitment practices involving reliance on word-of-mouth and employee referral networking; the use of executive search and referral firms in which affirmative action/EEO requirements were not made known.

- Developmental practices and credential building experiences, including advanced education, as well as career enhancing assignments such as to corporate committees and task forces and special projects -- which are traditional precursors to advancement -- were often not as available to minorities and women.

- Accountability for Equal Employment Opportunity responsibilities did not reach to senior level executives and corporate decision makers.

I. INTRODUCTION AND STATEMENT OF THE PROBLEM

During the past 25 years, shifting demographics -- coupled with a changing, more global business environment and the practice of equal employment opportunity and affirmative action -- have resulted in greater participation of minorities and women in the workforce.

Minorities and women have made significant gains at the entry level of employment and into the first levels of management. Yet, they have not experienced similar gains into the mid and senior levels of management, notwithstanding increased experience, credentials, overall qualifications, and a greater attachment to the workforce.

The Department analyzed data from a random sample consisting of 94 reviews conducted of corporate headquarters of Fortune 1000 sized companies over the past three years. Four Department of Labor regions were included in the sample. Those data indicate that:

- Of 147,179 employees at these companies, women represent 37.2 percent of all employees and minorities represent 15.5 percent.

- Of the 147,179 employees, 31,184 were in all levels of management, from the supervisor of a clerical pool to the CEOs and Chairmen. Of this number, 5,278 or 16.9 percent are women and 1,885 or 6.0 percent are minorities.

- Of 4,491 managers at the executive level (defined as assistant vice president and higher rank or their equivalent), 6.6 percent are women and 2.6 percent are minorities.

Beyond the Department's own findings, a number of surveys and studies tracked the results indicated above. The absence of minorities and women in higher corporate levels was highlighted in a 1990 survey done by the UCLA Anderson Graduate School of Management and Korn/Ferry International, an executive search firm. According to that survey, during the last 10 years there has been only a slight increase in the representation of minorities and women in the top executive positions of our nation's 1000 largest corporations. Minorities and women now hold less than 5 percent of these managerial positions, up from less than 3 percent in 1979.[1]

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[1] Korn/Ferry International and UCLA's John E. Anderson Graduate School of Management, *Korn/Ferry International's Executive Profile 1990: A Survey of Corporate Leaders*, 1990.

The barriers to the upper rungs of the corporate ladder for minority women appear to be nearly impenetrable according to a report by Heidrick and Struggles, an executive search firm. Minority women make up 3.3 percent of women corporate officers who in turn make up only one to two percent of all corporate officers.[2]

Even where minorities and women made gains, the picture may be misleading. Titles are not consistent throughout all businesses and industries, and salary levels are not consistent with titles. Catalyst, a New York group whose specialty is women-in-business issues, did a recent study of "Women in Corporate Management" that showed larger percentages of women at all levels of management -- including senior management -- in the financial services industry than in either durable or nondurable manufacturing.[3]

The Department of Labor's Women's Bureau also provided research pointing to a glass ceiling problem. The preliminary findings of a study, funded by the Department's Women's Bureau, show that in terms of job and career attitudes, female executives were very similar to their male peers in terms of job satisfaction, commitment to the organization, and job stress. But, when it came to expectations of being promoted, the findings varied significantly between female and male executive peers -- with women having lower perceptions of their own future promotability than their male counterparts.

These findings led the Department to conclude that a greater understanding of what was affecting the career advancement of qualified minorities and women was necessary for the Department to fulfill its responsibility to ensure equal opportunity in employment among Federal contractors. It was on this basis that the Department announced that it was undertaking nine corporate management reviews and that it was seeking a greater understanding of what was affecting the career advancement of qualified minorities and women.

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[2] Heidrick & Struggles, Inc., *The Woman Corporate Officer*, 1986.

[3] Catalyst, *Catalyst's Study of Women in Corporate Management*, New York, N.Y., 1990.

II. STRATEGY OF THE INITIATIVE

The Department's strategy for implementing the glass ceiling initiative has had four principal components: First, to educate its own officials in the intricacies of corporate human resource issues; Second, to conduct several pilot reviews having a glass ceiling component; Third, to serve as a catalyst to foster voluntary efforts within the corporate community to remove any barriers which may exist to the advancement of minorities and women into upper level management positions, and Last, to give public recognition and rewards to those contractors demonstrating particularly exemplary efforts.

A. Internal Educational Effort

Before any pilot reviews were initiated, senior members of the Department met with business, trade and professional associations, human resource officials and leaders and representatives from a number of organizations representing minorities and women to establish communications and a working dialogue on the issues surrounding the glass ceiling initiative.

These meetings were especially helpful in strengthening the Department's understanding of related business practices and what might be involved to obtain a corporate commitment to revamp its policies on recruiting, hiring, developing and promoting qualified minorities and women at higher levels of the organization.

In general, the thoughts and concerns from representatives attending these meetings focused on five basic messages.

- A strong commitment of the chief executive officer and senior level officials of the corporation would be required to ensure a diverse workforce of qualified individuals;

- The corporate information necessary to conduct such reviews would have to be kept confidential;

- To completely and thoroughly conduct such a review, the Department's reviewing officials would have to become fully aware of the culture that exists in the corporation under review;

- The reviews would have to be conducted with corporate officials at higher levels than the EEO director in order to be responsive; and,

- In spite of these cautions, addressing the glass ceiling was an issue whose time had come, and was worthy of Departmental attention.

B. Corporate Management Reviews

The second phase of the initiative was to conduct pilot reviews of contractors. In the fall of 1989 the Department's Office of Federal Contract Compliance Programs (OFCCP) began investigating the glass ceiling phenomenon through these focused reviews. The agency's mandate is to ensure that Federal contractors do not discriminate on the basis of race, sex, color, religion, national origin, disability, or veteran status, and that contractors actively recruit qualified workers from all segments of the labor force, and assure that training and advancement opportunities are equally afforded to all employees.

The companies were selected for review using the OFCCP Equal Employment Data System, or EEDS. The EEDS is based on the Employer Information Reports (EEO-1) submitted annually to the Joint Reporting Committee, a cooperative effort between the Department and the Equal Employment Opportunity Commission. The EEO-1 reports provide race, sex and national origin data on the incumbent employees of most employers, shown by broad categories of occupational groups.

The selection of a contractor for a compliance review is done objectively, non-arbitrarily and based on neutral standards. An effort was made to have the companies reviewed represent diverse products and services. In addition, different geographic areas of the country were chosen. Senior members of the Department, regional management staff, as well as local compliance officers conducted these reviews.

In doing so, the OFCCP worked closely with the contractors to safeguard the confidentiality of information. During the pilot reviews, only information relevant to the requirements of the inquiry were requested and, where possible, information was reviewed and analyzed on site.

The reviews of the nine Fortune 500 contractors' corporate offices sought to determine if artificial barriers existed that prevented or slowed the upward mobility of certain individuals; whether these barriers were discriminatory; whether these companies had initiated voluntary action to remove such obstacles to the extent they existed; and, how best to develop guidance for conducting corporate compliance reviews in the future.

C. Encourage Voluntary Efforts

Recognizing that only a small portion of contractor facilities can be reviewed by the Department, emphasis was placed on stressing to corporate leaders that voluntary actions were in their own self interest. Realizing the importance of communication among corporate America, the workforce, the Federal Government and advocacy groups, the Department began creating a broad-based public awareness effort through formal and informal meetings, conferences and roundtables; through the media; with support from coalition constituent groups; and, from academic and research organizations.

Senior members of the Department participated as speakers or panelists in conferences, conventions and seminars to explain the goals and dimensions of the initiative. During these forums, the Department stressed the importance which employers must attach to full utilization of all of its employees and potential employees in order to stay competitive, particularly given the demographics of the workforce in the next decade and beyond.

D. Public Recognition and Reward

The last ingredient in the initiative consists of recognizing and rewarding those companies who have undertaken a particularly creative and effective program to assure equal opportunity. The Department annually honors outstanding Federal contractors and contractor associations that have demonstrated innovative efforts to increase employment opportunities for minorities, women, individuals with disabilities and veterans. The OFCCP Exemplary Voluntary Efforts (EVE) Awards are presented for highly successful good faith efforts action programs.

In addition, the Secretary of Labor has an annual award that recognizes one U.S. firm each year that has implemented comprehensive workforce strategies to ensure equal employment opportunity and affirmative action in building a workforce for the year 2000. This award is the Secretary's Opportunity 2000 Award.

The Department uses annual awards such as the Secretary's Opportunity 2000 Award and the Exemplary Voluntary Efforts (EVE) Awards to publicly honor companies which are working to remove artificial barriers to career advancement in their workforce.

Last year, for instance, Digital Equipment Corporation of Maynard, Massachusetts was honored with this award. Digital was recognized for preparing itself for the employment challenges of the 21st century by ensuring that its workforce maintains

the cultural diversity needed to serve its community, and that it is equipped with the skills needed for the changing technological demands of the marketplace. It has implemented early intervention programs, scholarships, counseling, work-study, and pre-employment programs. In addition, it has established an affirmative action committee of senior level executives who are responsible to plan for increased representation of minorities and women at the most senior levels of corporate management.

III. DESIGN OF CORPORATE MANAGEMENT REVIEW PROCESS

The corporations in the pilot project ranged in size from fewer than 8,000 employees to more than 300,000 employees, were from seven broad industry groups and were located in five geographic regions of the country. The majority had international operations.

The pilot reviews involved teams of senior executives in the Department from the national offices of OFCCP and the Office of the Solicitor, supported by OFCCP regional field office managers and compliance officers.

These reviews differed from standard compliance reviews in their emphasis and, to some degree, in their technique. Specifically, much time was spent with senior level corporate officers to learn about the particular corporate culture of the company under review. It was vital for the OFCCP to become acclimated to the environment of the company at the outset of a review.

The pilot reviews took significantly longer to complete than regularly scheduled reviews, partially because the areas being explored, such as total compensation programs and succession planning, were generally unfamiliar to the review team members. In addition, the contractors themselves caused delays, often due to the unavailability of corporate executives whose participation was essential to these types of reviews.

The Department focused considerable attention on corporate policies and practices. In the pilot reviews, there was less reliance on broad statistical analysis because at the management levels the agency focused on jobs which tended to be unique and the number of candidates from any group was relatively small. Analysis was performed on the procedures, or lack thereof, governing movement across facilities, particularly movement into corporate headquarters from lower levels of facilities' management staff where minorities and women were located.

The reviews included a thorough examination of how potential managers came to the attention of officials in promotional authority. While the reviews were focused on glass ceiling issues, all areas covered in a standard compliance review were investigated. All deficiencies, whether glass ceiling or otherwise, found at the corporation were identified and remedied. The reviews were closed with standard official closing documents: Letters of Compliance, Letters of Commitment, or Conciliation Agreements; the latter two detailing the actions each corporation would be taking to address the problem areas identified.

IV. BASIC FINDINGS

As the Department conducted its pilot studies of the nine Fortune 500 companies, it became very apparent how different each company was with regard to its corporate culture and corporate practices.

Each company had its own policies and procedures for developing mid and senior level management. Each placed different degrees of importance on tenure, educational disciplines, and forms of recruitment as well as reliance on human resource plans to obtain, identify and develop high potential employees.

As part of the review process, the Department sought to understand, as fully as possible, the particular corporate culture of the company under review and to channel inquiries and recommendations within the boundaries of that culture. The Department was not seeking to change a company's way of doing business (as long as it was non discriminatory), but only to encourage approaches that might improve advancement opportunities for qualified minorities and women.

While each company was very different, some of the same stereotypes and misperceptions documented by researchers and authors were found. At one company, for example, a female with an MBA was identified in a non-managerial career path. When asked why she was not slated for management experience in a lower level facility like her peers, the Department was told, "Well, she moved here for personal reasons, so we assumed...."

Even though the organizational culture of the nine companies was quite different, there were five common findings.

A. If Not A Glass Ceiling, A Plateau

All of the companies reviewed had a level beyond which few minorities and women had either advanced or been recruited, and minorities tended to be found at lower levels of management than women.

The OFCCP initially anticipated concentrating on the executive suite and the highest levels of management. As the pilot project progressed, however, the reviewing team discovered that much of the investigative questioning and many areas of prospective analysis became irrelevant because there were no minorities and women at these levels. To put it plainly, the glass ceiling existed at a much lower level than first thought.

Because of this, the Department at times had to shift its focus from the highest levels of the corporate structure to an analysis of the pipelines to the top.

As the reviews identified management levels where minorities and women tended to cap-out, the highest placed woman generally was at a higher reporting level to the CEO than the highest placed minority in the majority of the companies. An exception was in high-tech or scientific areas where certain minorities had special training or an advanced degree.

Reporting levels, however, can be quite misleading. While employees may be only a few reporting levels from the chief executive officer, they may have little or no interaction with the CEO or senior level executives.

B. Lack of Corporate Ownership of Equal Opportunity Principles

Most companies in the pilot study had elaborate systems to identify and develop key employees as a business necessity to ensure the continuity of their management staff and corporate culture. Such individuals were *de facto* corporate property and their careers were monitored by senior level corporate officials. However, almost all of the companies reviewed exhibited the same lack of corporate ownership when it came to the principles of equal employment opportunity and access.

Almost none of the companies reviewed compiled centralized records on their employees with regard to internal and external training and development, participation on task forces or committees or special projects and assignments. As a result, there was no formal system of tracking or monitoring developmental opportunities and credential building experiences with high level exposure to ensure all qualified employees were given consideration.

Companies in the pilot were reminded of their existing legal requirements as a Federal contractor to ensure equal access and participation of all qualified individuals in all forms of employment, development and training, and that these obligations did not stop at a certain level in the workforce.

As a result of their review, one company's commitment to the Department was to name an individual on the management staff who "will ensure that additional corporate programs which may impact executive career progression in the future, such as training programs, developmental job rotation, committee assignments, etc., are offered on a representative basis to minorities and females."

C. Lack of Monitoring of Appraisal and

Compensation Systems by Corporate Management

All of the companies had appraisal and compensation systems which determined salary, bonuses, incentives, and perquisites for employees. Some companies used a formal evaluation system as part of their management evaluation, others had several formal systems for determining forms of compensation that took place at different times in the year; while others relied less on a formal system of rating performance. For example,

- One company used a narrative performance appraisal system for employees at certain levels with no guidelines or standards to follow. This subjective appraisal system left much to the rating official's discretion. While evaluations of men were directed toward performance, female appraisals at times were stereotypical. One woman remarked she never knew how she was doing because her appraisals had such things as "happy," "friendly," and "gets along well with others." This company voluntarily changed this rating process to ensure that the appraisals were more objective.

Some corporations extensively used bonuses, stock options and other incentives to send signals to their key employees, but in other companies these were restricted only to the highest ranking officers.

While compensation decisions were well-documented by executive, by salary grade, and by title, not one of the corporations in the pilot study reviewed their total compensation packages to ensure non discrimination. This is particularly important because evidence has been assembled through independent studies that raters evaluate job performance of blacks less favorably than the job performance of whites, especially when the raters are themselves whites.[4] Additionally, because their numbers are limited, women at high management levels are constantly tested and scrutinized.[5]

While all companies were aware they had to monitor salary data for EEO to ensure non discrimination, companies were cited for lack of oversight of other forms of reward and compensation, and were required to ensure that all forms of compensation were being distributed in a non discriminatory fashion.

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[4] Greenhaus, Jeffrey; Parasuraman, Sarjob, and Wormley, Wayne, "Effects of Race on Organizational Experiences, Job Performance Evaluations, and Career Outcomes," *Academy of Management Journal*, 1990, Vol. 33, No. 1, pp. 64-86.

[5] Catalyst, *Barriers to Women's Upward Mobility: Corporate Managers Speak Out*, New York, N.Y., 1983.

D. Placement Patterns Consistent With Research

Much of the research data and literature in print today suggests that there are fields or functions in which minorities and women are more likely to have difficulty in obtaining employment. A Business Week article noted that "some black middle managers feel they are being shunted into human resources and public relations -- jobs that often spell 'dead end' in the corporation."[6]

Statistics show that minorities and women are less likely to obtain positions in line functions -- such as sales and production -- which most directly affect the corporation's bottom line, and are considered the fast track to the executive suite. Instead, many minorities and women find it easier to obtain work (or are steered) into staff positions, such as human resources, research or administration. The findings of the pilot reviews were consistent with these assertions.

Almost all of the companies had few, if any, minorities and women at the highest levels of management. When they were present, they were almost always in staff functions.

Moreover, the preponderance of minorities and women in the feeder positions for mid and upper level management positions also were in staff functions. Few minorities and women were found in such line professions as defense systems, electronics, commercial lending and sales.

Advancement opportunities can also vary in staff and line functions according to corporate culture. For example, a high-tech organization might lean towards individuals with advanced and scientific degrees, while a consumer products company looks to its sales and marketing divisions for future senior executives.

Companies that were found to have an absence of minorities and women in line positions were asked to audit their placement patterns to ensure that they were non discriminatory.

One theory often cited to explain why women are concentrated in staff positions is that they do not possess leadership qualities, but instead have more inclusive manager-style qualities. The theory goes on to state that the qualities found in leader-style managers are necessary to give direction to a large corporation and that women generally are not believed to possess these qualifications.

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[6] *Business Week*, "Race in the Workplace: Does Affirmative Action Work?," July 8, 1991.

A recent study by Russell Reynolds Associates, Inc. refutes this assertion. That study found that a majority of women in both line and staff positions had leader-style management skills. Moreover, a greater proportion of women in staff positions than men in line positions displayed a leadership orientation. In contrast, male executives were pretty much as expected: leader-style in line positions and manager-style in staff positions.[7]

E. Inadequate Recordkeeping

While all of the companies held major Federal Government contracts, and were well-versed in their recordkeeping requirements for other government agencies, there was an inadequate assembly of records by most regarding EEO/Affirmative Action responsibilities concerning recruitment, employment and developmental activities for management-type positions.

As a Government contractor, a company assumes an obligation to monitor its employment activities to ensure all employees and applicants are treated in a non discriminatory manner. Contractors are expected to compile records of applicant flow, rates of hire and other personnel actions, not only because of legal requirements, but because such records are essential to adequate monitoring of the contractor's implementation of their affirmative action programs.

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[7] Russell Reynolds Associates, Inc., *Men, Women and Leadership in the American Corporation*, New York, N.Y., November 1990.

V. BARRIERS IDENTIFIED BY THE PILOT STUDIES

While some assert that minorities and women have neither been in the workforce long enough, nor have the needed credentials, the vast majority of available research information points to artificial barriers as a significant cause for why minorities and women have not advanced further in corporate America.

Developing and retaining a diverse and qualified workforce at all levels is the challenge corporate America faces. In *The Black Manager*, Floyd and Jacqueline Dickens wrote: "...we need additional management techniques to include those different needs and motivations to reach members of minority cultures and capitalize on their potential. We cannot afford to lose these valuable resources in today's organizations." Ensuring that there were no discriminatory barriers to advancement is an integral part of that process.[8]

A case in point is a recent survey by Catalyst, a New York group whose specialty is women-in-business issues. Catalyst found that 79 percent of Fortune 500 chief executive officers conceded that there are identifiable barriers to women getting to the top.[9]

The pilot studies revealed policies and practices that can individually hinder the advancement of qualified minorities and women, and when taken together, can result in a workforce with a scarcity of minorities and women in its mid and upper level ranks.

While many selection procedures may be informal and subjective, and therefore more difficult to identify and analyze than other traditional processes, the Department's efforts were to ensure that any corporate practice used was not excluding qualified minorities and women either unintentionally or intentionally.

Additionally, while corporate practices for employee development, exposure and experience are generally aids to individual advancement, if such practices are not inclusive of all qualified human talent, they can serve as barriers to those overlooked.

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[8] Dickens, Jr., Floyd and Dickens, Jacqueline B., *The Black Manager,* American Management Association, New York, N.Y., 1982.

[9] Catalyst, *Catalyst's Study of Women in Corporate Management,* New York, N.Y., 1990.

A. Recruitment Practices

It is generally understood that most larger companies fill management vacancies from within. The pilot studies confirmed this. In looking at recruitment practices used in these pilot audits, the Department understood the reality that tenure would explain why many corporations have few minorities and women at the most senior levels of management. In these instances, the review focused on ensuring qualified minorities and women were in the pipeline (e.g., lower level positions in the company); where present, were not passed over for discriminatory reasons; and where there was an absence, that the contractor was making good faith efforts at outreach to bring in a diverse pool of talent.

- For example, one company's senior level executives were almost exclusively "home grown." Almost all executives had over 25 years with the company, which helped explain the absence of minorities and women in their management ranks. As a result of this review, the company initiated summer internship and scholarship programs for women and minority students. In his closing letter to the Department the CEO wrote, "Most of these actions are designed to increase the flow of qualified minority and female candidates into the 'pipeline.' This is critical to us, as you know, because of our very strong promotion from within policy."

When no internal candidate was deemed qualified for advancement, the pilot reviews found several mechanisms to fill vacancies. At times these mechanisms posed a barrier to qualified minorities and women being considered for management positions.

In general, senior level positions were not filled by minorities or women through the recruitment practices used in the majority of the reviews. In those instances where companies that did not meet their legal obligations to make good faith efforts to consider a diverse pool of qualified candidates, they were informed of such.

Generally, candidates for management were recruited to the companies in the pilot review through three sources:

1. <u>Reliance on Networking--Word of Mouth</u>

   In some companies mid and upper level positions were filled by senior executives through word of mouth referrals. In some of these instances, corporate executives had learned of individuals, interviewed them casually (luncheons/dinners), and made them an offer, outside the formal recruitment process.

The net result of these activities was a diminished opportunity for the career advancement of minorities and women. All such contractors were reminded that they are required to use good faith efforts to recruit minorities and women with the requisite skills and to consider them on an equal basis for positions at all levels and in all segments of the their workforce.

2. Reliance on Networking--Employee Referrals

In one company, an elaborate employee referral system was in place. Employees were paid for referring individuals who were subsequently hired. This company, again, did not keep records (and was cited for not doing so) on who was referred through this process.

While the review team could not establish if this system was discriminatory, there were no minorities and women hired into mid and upper levels of the company through this process. Moreover, there were no minorities and women in the positions doing this referring. This problem was resolved with a commitment to make good faith efforts as in example #1 above, and to internally audit their system to ensure it was non discriminatory.

3. Corporate Use of Executive Search and Referral Firms

While all companies reviewed used such firms during the period under review, one company appeared to fill almost every upper level management position through the use of search firms.

The majority of the companies in the review failed to make executive recruitment firms aware of their equal employment and affirmative action obligations under the law. Specifically, when a request was made by the contractor to these agencies for a candidate pool, many of the companies reviewed had not made any efforts to ensure that the search firm reached out to identify qualified minorities and women.

Additionally, in those instances where the search firm sent forward a slate with an absence of minorities and women, the contractors did not demonstrate any good faith efforts to broaden the pool of candidates. Many of the companies were cited for not making good faith efforts to ensure that qualified minorities and women were considered through external recruitment. Contractors also were reminded that their affirmative action obligations as a Federal contractor were not met if the search firms used did not refer a diverse pool of qualified candidates.

It should be noted that the pilot companies are aware of their obligations as Federal contractors to seek out qualified minorities and women when using employment services for lower level positions.

In some pilot reviews, vacancies were posted up to a certain level, above which employees were not made aware of advancement opportunities. Their only hope was reliance on networking. Additionally, while the personnel director and EEO director are directly involved in the staffing of lower level positions, in some companies above a certain level those individuals do not appear to have a very substantive role in the hiring process.

In addition to the type of recruitment used, the recruitment process itself can, at times, be a barrier for women. A Wellesley College Center for Research on Women study found that holding interviews for perspective sales representatives in hotel rooms was intimidating especially for women, and reduces the probability of finding qualified women applicants. As an alternative strategy for hiring sales representatives, managers and professionals, some corporations have developed comprehensive and sophisticated recruitment programs for attracting promising candidates to the corporations.[10]

B. Lack of Opportunity to Contribute and Participate in Corporate Developmental Experiences

In general, many corporations identify key employees -- often early in their careers -- and oversee their career advancement through yearly appraisals and needs assessments. Such assessment systems may include identification of such individuals as "high potentials" and include forms of internal development (including rotational assignments, mentoring and training), external development (including graduate studies, executive development programs), international assignments, and highly visible positions (such as special assistants to senior executives, and assignments to corporate task forces and committees). These serve as available means to give key contributors experiences to enhance their academic and work-related credentials.

While these practices generally benefit the corporate employee, they can serve to impede the advancement of qualified minorities and women if they are not inclusive of all human talent.

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[10] Fields, Jacqueline P., *Women and the Corporate Ladders - Corporate Linkage Project,* Wellesley College Center for Research on Women, Wellesley, Mass., July 31, 1984.

- For example, one company left individual managers to groom their own successor. Such a process allowed the manager to provide developmental opportunities to an identified successor. Under this system, where there were few minority and female managers at mid and upper levels of the corporate workforce, opportunity for advancement was reduced for minorities and women despite their presence in the feeder pipelines.

- In another company, mentoring took place in the form of upper level managers choosing individuals from a list of those identified as high potentials to "sponsor." When an inquiry was made into what sponsoring denoted, the response was to "make it happen" for that high potential employee. Thus, at this company, even being earmarked as high potential was not enough to ensure that there is an opportunity for advancement.

A Russell Reynolds Associates study showed that the overwhelming majority of executives felt that mentoring contributed to career advancement.[11] In a study of black and white managers in one predominantly white corporation, David A. Thomas found that 82 percent of his black respondents had mentors or sponsors at some point in their career.[12]

While viewed often as a business strategy by the highest levels of the corporation in the pilot reviews, these developmental policies and procedures were not monitored to ensure equal opportunity and equal access.

As a remedy, the companies were required to internally audit their systems to ensure they were inclusive of all qualified human talent.

Additionally, as found in one pilot review, minorities and women can be found to plateau in companies that have systems to develop their employees internally, if they recruit externally for mid and upper level positions from a pool of candidates with an absence of minorities and women.

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[11] Russell Reynolds Associates, Inc., *Men, Women, and Leadership in the American Corporation*, New York, N.Y., November 1990.

[12] Thomas, David A. and Alderfer, Clayton P., "The Influence of Race on Career Dynamics: Theory and Research on Minority Career Experiences," *Handbook of Career Theory*, 1989.

C. General Lack of Understanding That EEO Is Not One Person's Responsibility

As stated earlier, the EEO director is generally included in, and actively participates in, the filling of vacancies below the management level. However, as these pilot reviews demonstrate, and has been reaffirmed to the Department by many EEO directors in the corporate world, they are not generally included in the recruitment process for mid and upper level positions. Often, they do not even know who was being considered for these positions until after they have been filled.

Additionally, these reviews revealed that managers at the entry levels are often given training and made aware and sensitive to the EEO/Affirmative Action values and commitment of the company. However, as managers move up the corporate ladder to senior level positions where key decisions are made, there was a general lack of continued awareness building or reaffirmation of corporate values regarding equal employment opportunity and equal access.

Departmental staff has worked with these pilot companies to ensure that equal employment and access issues are not solely one person or division's responsibility, but rather integrated throughout the workplace in all aspects of employment: recruitment, promotion, developmental experiences, and compensation.

One CEO's company under review voluntarily established an EEO Overview Committee to "provide ongoing review of the corporate EEO program and efforts, as well as to develop future plans and encourage their enthusiastic acceptance."

VI. CONCLUSION

From the very outset of the glass ceiling initiative, the Department's aim was to encourage industry that it is in its own best interest to provide equal career advancement opportunities to minorities and women so as to best develop all of their human resources -- to identify and voluntarily resolve any impediments to equal opportunity which may exist.

We know that many companies are aware of and concerned about the heightened attention to glass ceiling issues. And, while there may be many reasons behind their interest, we have been encouraged by how positive the responses from industry has been since the outset of this effort. Not only the participating companies, but many others have voluntarily advised the Department of the efforts they are undertaking to identify and correct any unfair impediments which may be keeping minorities and women from advancing in their corporations.

Importantly, chief executive officers have become personally involved. Special studies and task forces to identify glass ceiling issues are being directed by top executives to give these efforts high profile and to communicate a corporate commitment.

For instance, one large defense contractor briefed the Department's executive staff of their efforts. With the strong support of the CEO and other corporate officers this company has determined to aggressively recruit minorities and women through external recruitment efforts, including executive searches; make
"deputy" assignments, when possible, using these positions as training grounds for developing minorities and women as "high potential" managers; executives mentoring and sponsoring high potential or high performing minority or female managers and professionals; increase executive accountability and responsibility for cultural changes at every level through a creative incentive compensation plan.

Another company, again with the CEO's personal involvement has developed monitoring programs to measure the corporation's personnel development, retention and advancement efforts. As a long-term goal, the company is committed to minority and female participation in officer ranks in the same proportion as their participation in lower management ranks. To meet this goal, assignments, educational opportunities, and evaluations are carefully monitored throughout management. High potential minorities and women are identified early in their careers and tracked to assure they are given the same opportunities for development as their peers.

These examples represent only a small portion of the voluntary, aggressive efforts on the part of industry that have come to the attention of the Department. However, they give us some indication, and some reassurance, that American businesses are beginning to understand that their bottom line success may well depend on recruiting, training, and retaining the best possible workforce. And given today's demographics, that means recruiting minorities -- including the physically handicapped -- and women. Unfortunately, not all corporations have been enlightened, either about their legal commitments or workforce realities. That is why the Department of Labor will continue to meet its mandate to ensure that minorities and women have the opportunities guaranteed under the law.